

State of Michigan
Department of Treasury

Michigan Higher Education Facilities Authority

ANNUAL REPORT
2004

Michigan Higher Education Facilities Authority

Authority Mission Statement

The Michigan Higher Education Facilities Authority exists to lower the cost of non-profit higher education by providing Michigan's private non-profit educational institutions access to tax-exempt capital.

The Authority Finance Division as part of the Bureau of Bond Finance provides financial and administrative support services on behalf of the Authority to assist with achieving these goals.

Bureau of Bond Finance Mission Statement

The Bureau of Bond Finance will achieve and maintain access to the financial market at the lowest cost of the citizens of Michigan on behalf of:

- Hospitals and their patients
- Higher education students and their families
- Private colleges and their students
- Public school academies and their students
- Public schools and their taxpayers
- Municipalities and their taxpayers
- The State-at-large for environmental, recreational, and other specific-voter approved projects
- The State for cash flow financing for operating purposes.

Vision

- We are committed to fair, consistent, and courteous customer service.
- We have the training, technology, and tools to meet customer needs.
- We provide low-cost financing in order for cities and communities to be magnets for economic opportunities, with high quality education and healthcare.
- We are a division where public service and service to others is exalted.

Values

- Integrity: Michigan's schools, colleges, universities, municipalities, and healthcare providers; along with bond counsel, financial advisors, and underwriters know that they can depend upon the Authority Finance Division to follow through on their commitments.
- Excellence: The Authority Finance Division is committed to providing increasingly effective, low-cost financing to protect the interests of the citizens of Michigan.
- Teamwork: The Authority Finance Division will work together to provide effective, low-cost financing to Michigan's schools, colleges, universities, municipalities, and healthcare providers.
- Pride: In our achievements.

MHEFA Board Members

The Michigan Higher Education Facilities Authority is comprised of eleven members, nine appointed by the Governor and two ex-officio non-voting members, who also constitute the membership of the Higher Education Facilities Commission of the State of Michigan. All members of the Authority serve without compensation but are entitled to reimbursement of expenses incurred in the performance of their duties under the Act. The present membership of the Authority is as follows:

James Woolfolk, Chair

William J. Cochran, Vice Chair

James Goenner

R. Miles Handy II

Robert Partridge

Dr. Glenda D. Price

James Saalfeld

Carol A. Stockman

Vacant

Michigan Higher Education Facilities Authority

Colleges and universities have increasing financial and social demands for their resources. Independent non-profit colleges and universities are facing increasing competition and have responded by improving facilities and programs. They have cut costs, increased efficiency and improved quality through the use of technology.

Adapting programs and facilities to meet changing student needs is capital intensive. Since non-profit organizations cannot access the equity markets and charitable contributions are limited, tax-exempt indebtedness is the most cost-effective capital financing method for most of our independent non-profit colleges and universities. The cost savings resulting from tax-exempt bonds assists Michigan's private non-profit colleges and universities in limiting their need to increase the cost of tuition. It is MHEFA's mission to provide low-cost capital to Michigan's private non-profit colleges and universities.

The Michigan Higher Education Facilities Authority (MHEFA) completed three bond issues in 2004 totaling \$93,925,000. MHEFA's tax-exempt bonds were all sold at a variable rate of interest. Two of the bond issues were backed by a letter of credit. The three issues are summarized below:

Michigan Region	School	Purpose	Loan Amount
Southwest	Davenport University	To construct, equip., and furnish a new college campus.	\$24,000,000
Southwest	Hope College	Construction of a new field house to be named the Devos Field house, Construction of the Martha Miller Center for Global Communication, and to refund the Colleges outstanding Series 1994 and 1996B Bonds.	\$25,000,000
Southwest	Albion College	Construction and equipping of the Science Laboratory Building, the Equestrian Center and greenhouse facility, renovation of the existing science buildings into general classroom space and to refund the College's outstanding Series 2000 Bonds.	\$44,925,000
			<u><u>\$93,925,000</u></u>

MICHIGAN HIGHER EDUCATION FACILITIES AUTHORITY
Calendar Year Bond Issue Volume Chart

